

COURSES OF ACTION AVAILABLE TO TENANT WHERE LANDLORD REFUSES TO GRANT RENEWAL OF LEASE

It is common place for a tenant, renting a commercial premises to have a right of renewal in their lease with the landlord. Unfortunately, instances will arise where a landlord refuses to renew a lease even although the tenant has expressed a clear desire that such lease be renewed. A common ground given by the landlord will be that the tenant has not fulfilled its obligations under the lease, or not correctly exercised its right to renew in accordance with the terms of the lease.

Where the situation considered above arises, a tenant can apply to the Courts for an order seeking that the landlord grants the lease renewal. Such application will be made under the Property Law Act 1952, and subject to a specific criteria first being met, the Courts will consider, at their discretion, as to whether such order should be issued.

It is of fundamental and practical importance that if a tenant wishes to embark on this course of action that they ensure such application is commenced with the Courts within three months of the first communication of the landlord's refusal to renew the lease. This is a specific requirement contained within the Property Law Act 1952 and the Court cannot grant the tenant relief if the application is made outside this time frame.

From a practical point of view, it is important in the first instance that a tenant carefully reads the lease document when seeking to exercise their right of renewal. This is particularly so, in respect of the time, and manner, by which they can exercise their right to renew. This may become essential in helping to avoid the situation where a difficult landlord declines to renew a lease on a technical point. For example, the tenant provides written notice of its intention to exercise its right of renewal, to the landlord, two months before the lease term will expire, whereas the lease document requires that such notice be communicated at least three months before expiry of the lease term.

If you wish to consider any of the above matters in more detail, please do not hesitate to contact our commercial property team who will be happy to talk you.